TD 92/162 - Income tax: is the cost of a corporate box with associated advertising signs allowable as a deduction?

This Determination, to the extent that it is capable of being a 'public ruling' in terms of PartáIVAAA of the *Taxation Administration Act 1953*, is a public ruling for the purposes of that Part . Taxation Ruling TR 92/1 explains when a Determination is a public ruling and how it is binding on the Commissioner. Unless otherwise stated, the Determination applies to transactions entered into both before and after its date of issue.

Taxation Determination

Income tax: is the cost of a corporate box with associated advertising signs allowable as a deduction?

1. The cost of a corporate box is not deductible under subsection 51(1) of the *Income Tax Assessment Act 1936* to the extent to which the expenditure is in respect of the provision of entertainment (subsection 51AE(4)).

2. For the purposes of section 51AE, the Commissioner may treat expenditure on a corporate box as having been incurred in respect of the provision of entertainment to such extent as the Commissioner considers reasonable (subsection 51AE(13)). Expenditure on a corporate box which the Commissioner treats in that way is not deductible under subsection 51(1).

3. We generally accept that 5% of the total cost represents a proportion applicable to advertising, and 95% of the total cost is in respect of entertainment. However, we acknowledge that in some cases a taxpayer may be able to satisfy us that a higher proportion of the total cost is applicable to advertising.

4. In applying subsection 51AE(13) relevant factors that we consider in determining the amount of the deduction to be allowed include the size, location and prominence of the advertising signs, attendances, the type and extent of media coverage and the nature of the facilities provided in the box.

Commissioner of Taxation
01/10/92

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